

W-02031A-10-0168
W-02327A-10-0169
W-01906A-10-0170

W-01906A-10-0171
W-02031A-10-0171
W-02327A-10-0171

W-01906A-10-0183
W-02031A-10-0184
W-02327A-10-0185

ARIZONA CORPORATION COMMISS

UTILITY COMPLAINT FORM



0000129936

Investigator: Richard Martinez

Phone:

ORIGINAL

Priority: Respond Within Five Days

Opinion No. 2011 99237

Date: 9/19/2011

Complaint Description: 08A Rate Case Items - Opposed
N/A Not Applicable

First:

Last:

Complaint By: **Michael F.** **La Verge, Sr.**

Account Name: Michael F. LaVerge, Sr. & Sue E. LaVergne

Home: (000) 000-0000

Street:

Work:

City: Sierra Vista

CBR:

State: AZ Zip: 85650

is:

Utility Company: **East Slope Water Company**

Division: Water

Contact Name:

Contact Phone:

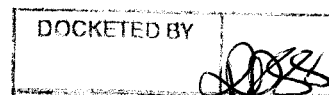
Nature of Complaint:

RE: Docket No. W-02031A-10-0168
Docket No. W-02327A-10-0169
Docket No. W-01906A-10-0170
Docket No. W-01906A-10-0171
Docket No. W-02031A-10-0171
Docket No. W-02327A-10-0171
Docket No. W-01906A-10-0183
Docket No. W-02031A-10-0184
Docket No. W-02327A-10-0185

Arizona Corporation Commission

DOCKETED

SEP 22 2011



5038 E. Sagebrush Road
Sierra Vista, AZ 85650
6 September 2011

Arizona Corporation Commission
Consumer Services Division
1200 West Washington
Phoenix, AZ 85007

RE: Docket No. W-02031A-10-0168
Docket No. W-02327A-10-0169
Docket No. W-01906A-10-0170
Docket No. W-01906A-10-1071
Docket No. W-02031A-10-0171
Docket No. W-02037A-10-0171
Docket No. W-01906A-10-0183
Docket No. W-02131A-10-0184
Docket No. W-02327A-10-0185

AZ CORP COMMISSION
DOCKET CONTROL

2011 SEP 22 P 3:46

RECEIVED

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

To the Commission:

We have been East Slope customers for over 30 years, and with each year, the water problems have gotten worse. East Slope has done nothing to improve the water system, and only seems to make a bandaid fix when repairs are required --or a complaint is filled with the Corporation Commission.

The water pressure during the summer has always been a problem, but this summer has been exceptionally bad. There were no winter rains, which didn't help what could be pumped. But there seems to be a problem with there being only two storage tanks, totaling 250,000 gallons. The water pressure is bad enough first thing in the morning and only gets worse during the day. The water pressure on the weekends is twice as bad as during the week. There is equipment that will start the pumps when the water level in the storage tanks fall below a certain level; why didn't they install that many years ago? Then the water pressure would not be so unstable.

Following is a list of our ongoing problems/complaints with East Slope's service:

1. Many times when we flush the toilet, we have to flush two or even three times to get what is in the bowl to go down. Never used to be a problem. That wastes a lot of water unnecessarily.
2. We have to wait until midnight so we can get decent water pressure to run the dishwasher, which is an energy star, low-water-use dishwasher. Never used to be a problem..
3. We have an on-demand water heater which requires at least 60psi to heat the water. During the day, the water pressure runs 40 psi or less - and that is on a good day. It takes forever to do a load of laundry, and that is with cold water!
4. Since February 2010, every time we would drink water from the tap (without filtering it), we would get terrible stomach cramps and diarrhea. East Slope, a.k.a., Southwestern Utility Management, sent out a letter in April 2010 that stated biological had been found when the system was tested in February, March, and April 2010. Their answer was to increase the chlorination of the water, so now it smells like a swimming pool all the time. The biological explained the gastrointestinal problems, so we invested in a faucet filter. It helped some, but with Sue being severely immune compromised, it was not enough. She would even boil the water before drinking or using it for cooking; that helped some but not all problems - she was still sick. Sue called ADEQ and they sent someone down twice, and they 'tested' the water; but they don't test for biological, only heavy metals. Their answer to us was that there was nothing wrong with the water and East Slope was told to flush the system more than they had been. Hasn't helped; Sue still gets sick if she gets any completely unfiltered water run through East Slope pipes.
5. In July 2010, we invested in a whole-house water filter and the intestinal problems went away. Things were fine until the water pressure at night ruptured the filter housings because the pressure jumped to 120 psi. East Slope said that it was our problem and that WE need to put a pressure regulator inline, which we did. We also added a pressure gauge which is how we know how much the pressure increases at night; it has registered as high as 180 psi on the gauge. When the filter housing's 'exploded', the water ran unrestricted for at least 8 hours through 1" pipe all over our garage and under our house. We estimate that was at least 3,500 gallons of water was wasted that night and East Slope made us pay for it even though their system caused the break.

REQUEST INFORMATION BE PROVIDED ON THE FOLLOWING ISSUES:

1. How has the money collected over the many years been spent; no one has been forthcoming with that information. Until Southwestern Utility took over management, there were only a couple of people maintaining all aspects of the system, so paying employees was not a big expense.--and neither were upgrades or repairs.
2. If the owners took out personal loans on the pretext of repairing/running the water system, why haven't the upgrades and repairs been done? Why are we, the customers, going to charge for something we had no say in? The repayment of these two loans is solely on them, not customers! Mr. Watkins is a realtor: he knew the growth aspect for southeast Sierra Vista was and is. If the system could not support additional customers, the problem should have been addressed 10 years ago and not wait until now to ask to triple the rates. East Slope was content to take our money but not do what they should have done now they want to upgrade the system on

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

our backs.

3. In 2010, the Commission allowed East Slope, et al, to charge an additional \$7.60 per month, supposedly to help East Slope upgrade the system. To date, nothing has been done! Now they are asking the Commission to allow them to increase the rates for water to triple what they are now. In researching the water rates all over Arizona, this is an unrealistic request. There is not one company in this state that is being allowed to charge what East Slope is requesting they be allowed to charge. A 300 percent increase in rates is NOT justified, especially since East Slope has done nothing to improve the system all these years. Even doubling the rates is too much! That water belongs to all of us in the Sierra Vista aquifer and other than the electricity to run the pumps, it costs East Slope nothing for the water.

4. According to information on documentation on the Corporation Commission's website, provided by East Slope/Southwestern Utility:

- a. Revenues are up 7 percent from 2010
- b. Power cost is down over 1 percent
- c. Transportation expenses are down by half
- d. Liability insurance is down by 23 percent
- e. Interest expenses is up 24 percent; what interest expense? On the personal loan?
- f. Accounts payable is down \$11,000
- g. Customer Accounts Receivable are up 2.5 percent
- h. Why so much for Office Furniture? There are no offices in the Sierra Vista area and Southwestern Utility should be spending their own money for furniture!
- i. They had no expenses for lab equipment or testing.
- j. They have had to purchase no water; they are taking it out of the Sierra Vista aquifer for free?
- k. Why is the interest for the personal loans even included in this request?

REQUEST THE CORPORATION COMMISSION:

- 1. Restrict the rate increase for East Slope Water to a maximum of 10 percent of the rate on the current tariff. That is more than adequate if the water system was managed correctly.
- 2. Be required to provide each customer an accounting of what has been done with the \$7.60 per month we had been paying since 2010 and if nothing has been done, either refund the money or give each customer a credit on their account to be used when the customer wants, e.g., in the summer.
- 3. Not allow the owners to use water company proceeds to repay the personal loans acquired by the owner(s).

Michael F. La Verge, Sr.
End of Complaint

Sue E. La Verge

Utilities' Response:

Investigator's Comments and Disposition:

9/20

Emailed to Phoenix office for docketing.

FILE CLOSED.

End of Comments

Date Completed: 9/20/2011

Opinion No. 2011 - 99237
